

Highlights

- ✓ Eliminations result in several areas of the 2003 Revised budget: \$15,000 from Bicycle Programs, \$75,000 of Office Automation, \$50,000 in Microfilming, \$50,000 of Homeless Overflow Assistance, and \$75,000 in Neighborhood District Grants.
- ✓ On-going reductions include \$36,170 in Memberships, \$150,000 from Employee Training and Development, \$250,000 in Reforestation, \$55,000 of Cable TV Broadcasting, \$41,790 in Community Relations and Information, \$25,000 from Research and Development.
- ✓ Total Reductions (from the 2003 Adopted budget) are \$811,430 or 47% in 2003 Revised and \$862,910 or 49% in the 2004 Adopted.

Overview

The Nondepartmental budget consists primarily of General Fund expenditures for programs not assigned to a specific department, due to the nature of the expenditure. Some programs generate revenues that directly offset expenditures, however most do not.

Broadcasting of City Council meetings, workshops and various public service offerings are funded with a budget of \$20,000. Community Relations and Information includes funding in the amount of \$75,000 to support activities related to community services, facilities, functions, and courtesies associated with community information.

Finance and Operations

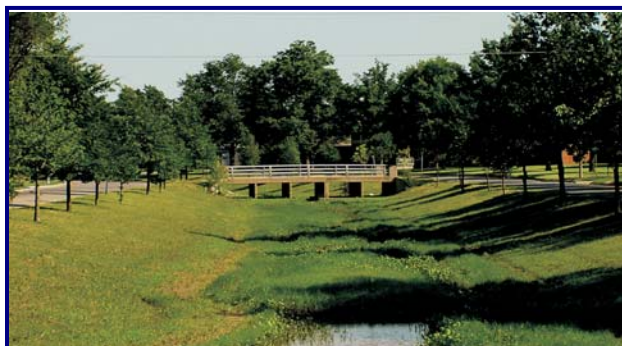
Financed primarily from the General Fund, the budget continues most programs established in prior years, although significant cuts had to be made in Nondepartmental activities in the 2003 Revised budget (and going forward). The nature of programming falls into three basic categories:

- ✓ Support of infrastructure with funding for economic development and reforestation
- ✓ Support of community education and information, City election expenses, and broadcasting of City Council meetings
- ✓ Investment in the City organization with funding for employee training and development, memberships to professional organizations, and employee recognition programs

Infrastructure. The City's participation in economic development is continued with a \$300,000 annual contribution to the Economic Development Fund. The fund finances activities that explore initiatives with projected benefits to the community and also finances activities that sustain and grow the economic assets of the City.

Consistent with past practices, the City's dedication to reforestation continues with an annual allocation of \$100,000. The funds are used to replace significant tree losses due to natural disasters, disease or aging tree populations. Unexpended funds remaining after the planting season are reserved to take advantage of future planting opportunities.

Community Support. City Manager and General Government provide oversight to several programs. The Cable TV



In west Wichita, trees line the drainage ditch that separates the Westlink Drives.

Research and development funds finance unique and one-time research projects, as well as the operating expenses of the IDEA Center. \$75,000 is included each year to fund organizational transformation projects, to search for ways to continue to make the City an ever-better value for the taxpayers' dollars.

Bi-annual election expenses are included at \$40,000, with funding increased for 2003 due to higher than normal costs incurred. Actual costs incurred from elections are certified to the City by the County Election Commissioner.

Organizational Investment. To maintain up-to-date industry information and provide the community with the best workforce possible, the City continually invests in employee training and development. Funds are specifically targeted for multi-lingual training, to insure no citizens are excluded from City services.

CITY OF WICHITA

The City also maintains memberships in professional organizations at the regional, state and national levels. Combined, these efforts improve the job skills of employees at all levels, and improve cost efficient service delivery to the public.

The City maintains membership in regional, state and national municipal organizations, as well as information service organizations. The National League of Cities (NLC), U.S. Conference of Mayors, International City Manager's Association (ICMA), the League of Kansas Municipalities (LKM), the Regional Economic Area Partnership (REAP) and the North American International Trade Corridor Partnership are some of the professional group memberships funded with this allocation.

The Adopted Budget also challenges City departments to do more with less. Several allocations are trimmed significantly as part of the budget revision process. Technology purchases and supplemental monies for microfilming documents are no longer included in the budget, with departments expected to find savings within their own operations to fund these activities. Additionally, the \$15,000 annual allocation for bike path maintenance and upgrades will have to be absorbed by departments and the Debt Service Fund.

Nondepartmental Budget Summary

	2002 Actual	2003 Adopted	2003 Revised	2004 Adopted	2005 Approved
Personal Services	28,473	28,000	28,000	28,000	28,000
Contractuals	814,735	935,780	462,980	418,610	458,610
Commodities	35,074	67,000	36,260	36,260	36,260
Capital Outlay	0	0	0	0	0
Other	362,396	465,000	400,000	400,000	400,000
	1,240,678	1,495,780	927,240	882,870	922,870
Employee Training Trust Fund	341,370	300,000	150,000	150,000	150,000
Full-time positions	0	0	0	0	0
Total FTE positions	0	0	0	0	0

Highlights

- ✓ Decreases allocation of Tourism and Convention activities by three percent in 2003 budget.
- ✓ No allocation for Century II and Expo Hall renovations and Appropriated Reserves in 2003.
- ✓ 2004 is the final Women's International Bowling Congress (WIBC) allocation prior to the 2004 event.

The mission of the Tourism and Convention Fund is to support and promote tourism and convention activity in Wichita.

Overview

The Tourism and Convention Fund, financed through a six percent transient guest tax on hotel and motel rooms in Wichita, provides monies to support tourism and convention, infrastructure, and promotion in the City. Transient Guest tax funds are governed by the provisions of Charter Ordinance No. 91 authorizing funding of convention and tourism activities and operation or maintenance of Century II.

Finance and Operations

The Tourism and Convention Fund finances and operations are well defined and prioritized, based on language in Charter Ordinances. Fund priorities are: 1) debt service for tourism and convention facilities, 2) operational deficit subsidies and 3) care and maintenance of Century II. Obligations connected to debt service and improvements require the major portion of the Fund's capacity. Funds are also allocated to general tourism and convention promotion, primarily through the Greater Wichita Convention and Visitor's Bureau.

Recent capital investments in convention facilities in the East Bank and Old Town areas have added new debt, increasing the fund's annual expenditures. Debt service on a conference

center parking facility and the new Century II and Expo Hall energy complex began in 1998. Obligations associated with the Hotel at Old Town parking facility started in 2000. Most significantly, the City's annual debt service commitment to the East Bank conference center began in 2000. The East Bank debt service escalates to over \$1.2 million in 2005 and has a considerable impact on the amount of funding available for other projects. Location fees are also included in this year's budget for the Women's International Bowling Congress (WIBC), scheduled in 2004. In 2003, Transient Guest tax is projected to decrease by two percent, therefore expenditure reduces accordingly to offset the decline in revenue. This will result in curtailing 2003 Revised budget in the following areas: Tourism Initiative and Marketing, Promotion and Convention, Century II and Expo Hall.



Warren Theatre in Old Town. Picture taken by Darren Decker.

Tourism and Convention Fund Budget Summary

	2002 Actual	2003 Adopted	2003 Revised	2004 Adopted	2005 Approved
Total Revenue	4,437,376	4,642,980	4,489,570	4,372,670	4,415,890
Budgeted Expenditures:					
Century II/Expo Hall	2,706,280	2,636,460	2,544,220	2,471,700	2,502,680
Promotion / Convention	1,223,799	1,274,960	1,277,460	1,222,510	1,266,850
Tourism Initiative & Marketing	543,126	577,500	515,000	521,500	566,150
Other	149,030	154,030	147,950	152,950	77,950
Total Expenditures	4,622,235	4,642,950	4,484,630	4,368,660	4,413,630
Fund Balance	186,181	179,485	191,121	195,131	197,391

Highlights

- ✓ The Special Alcohol and Drug Programs fund includes \$942,570 in 2003 to fund counseling contracts with delegate agencies and \$258,760 to fund innovative drug abuse programs. Anticipated receipts in 2004 and 2005 will provide resources to continue both levels of support.

Overview

In 1979, the Kansas State Legislature established a 10 percent gross receipts tax on the sale of liquor, including spirits, wine and strong beer. Effective July 1, 1987, the drink tax applied to caterers and drinking establishments in "wet" counties. Revenue generated locally by this tax is distributed to the City for the purpose of providing substance abuse treatment and prevention services. Under State law, one-third of the tax revenue is credited directly to the General Fund, one-third goes to the Special Alcohol and Drug Programs Fund, and the final third is credited to the Special Parks and Recreation Fund.

Finance and Operations

Through contracts with delegate agencies, the Special Alcohol funds provide treatment and intervention services for over 5,000 citizens of Wichita and Sedgwick County annually. The mix of clients served by the agencies includes 12 percent youth clients, 37 percent female clients and 42 percent minority clients.

City Council authorized COMCARE to administer the Special Alcohol & Drug Programs. Administration activities include monitoring of delegate agency performance and their program budgets. Recommendations to the City Council for future levels of support will be based, in part, on results generated by COMCARE's ongoing process of measuring and benchmarking program outcomes, a process that began in 1998.



The Special Parks & Recreation Fund supports a variety of recreational programs, including Art programs for youth.

Expenditures from the Special Parks & Recreation fund are to be made only for the purchase, establishment, maintenance, or expansion of park and recreational services, programs and facilities. The fund provides support for the following programs: Summer of Discovery, After School Playground, Grade School Night, Teen Night, Saturday Recreation, Summer Playground, Arts Program, Hoop It Up, Greater Wichita Junior Football, programs for the disabled, city-wide athletic events, free swimming and child care. Support of qualifying programs sponsored by the Art Museum and Library may also be included.

Special Alcohol Funds Budget Summary

	2002 Actual	2003 Adopted	2003 Revised	2004 Adopted	2005 Approved
Special Alcohol & Drug Programs					
Revenues	1,286,399	1,275,470	1,282,570	1,314,330	1,348,460
Expenditures	1,825,269	1,316,260	1,314,850	1,614,920	1,354,920
Fund Balance	357,303	102,623	325,023	24,433	17,973
Special Park & Recreation					
Revenues	1,255,318	1,279,610	1,272,570	1,309,330	1,348,460
Expenditures	1,165,350	1,398,170	1,398,170	1,386,980	1,348,460
Fund Balance	203,258	69,460	77,658	8	8
Total FTE positions	0	0	0	0	0

Overview

Kansas State law (K.S.A. 12-1770) provides that costs related to the redevelopment of an area designated as "blighted" or a "conservation area" may be recovered through the use of Tax Increment Financing (TIF). The TIF mechanism dedicates the property tax revenue resulting from redevelopment (and assumed subsequent increased property values) toward repayment of the initial redevelopment cost.

State law (K.S.A. 12-1771a) allows the City to fund the cleanup of an environmentally contaminated area through the use of a special type of TIF. Environmental tax increment (decrement) financing involves the restoration of property values in a contaminated area to higher, pre-contamination levels and capture up to 20 percent of the increment of property tax produced by the valuation increase to pay cleanup costs.

The economic TIFs comprise six separate redevelopment projects: East Bank, 21st & Grove, Old Town, Old Town Cinema, and Central & Hillside. Each of these projects provides TIF funding to defray the costs of infrastructure redevelopment and/or enhancements within the districts. The environmental TIFs address groundwater remediation projects and consist of two separate projects: Gilbert & Mosley and the North Industrial Corridor.

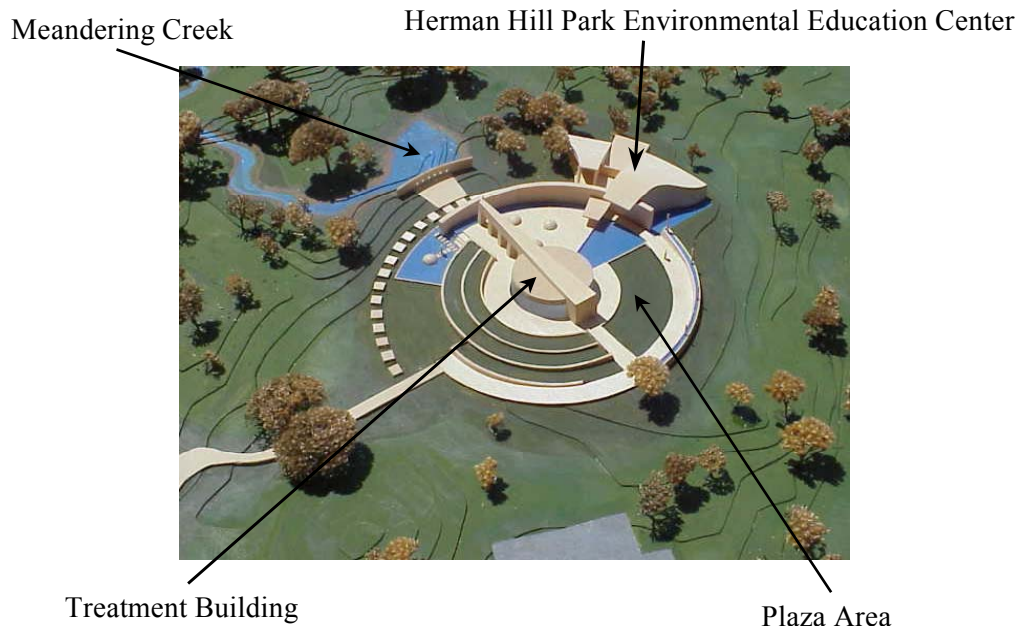
Finance and Operations

Economic Development TIFs. The TIF funds are used to pay the debt service costs associated with bonds issued to finance the redevelopment costs in the districts. Redevelopment activities include improvements to sidewalks, streets, curbs and gutters, street lighting and other public infrastructure improvements and public amenities. The improvements help ensure that the areas remain vital components of the City's overall economic growth strategy.

The Economic Development Division of the Finance Department administers the economic development TIFs. The Division assists in forecasting TIF revenue, as well as establishing the mechanism and schedule for debt repayment. Expenditures are largely debt service payments on the infrastructure improvements used in the development of the districts.

Environmental TIFs. TIF District #1 was established in 1991 to fund the clean-up of groundwater contamination in the Gilbert & Mosley area. At that time, the City entered into an agreement with the Kansas Department of Health and Environment (KDHE) whereby the City agreed to undertake the clean-up to avoid the substantial cost and stigma associated with designation as a Superfund site. Tax Increment Financing

Herman Hill Park Building Complex - Architectural Model



CITY OF WICHITA

District #2 was established in January 1996 to fund the clean-up of groundwater contamination in the North Industrial Corridor (NIC) area.

After years of investigating pollution sources and engineering the cleanup, the groundwater remediation system was operational in late 2002. The remedial design approved by KDHE involves extraction and treatment of the contaminated groundwater. Additional public amenities, such as public education facilities, are currently under consideration for the project.

Environmental TIF expenditures include legal and project consultant fees; laboratory costs; KDHE/EPA oversight costs; testing/sampling materials; remediation capital and operational costs; debt service; and administrative costs. City staff and legal advisors continue their efforts to ensure that Potentially Responsible Parties (PRPs) reimburse the City for as much of the projects' costs as possible.

Gilbert & Mosley contamination remediation and ground water cleanup activities are not projected to be complete within the

20-year time period during which TIF funding can be legally made available. City staff are currently exploring options for addressing the statutory 20-year limitation, which could include petitioning the Kansas State Legislature for a waiver or extension of the deadline, or re-establishing the district upon its expiration.

The North Industrial Corridor (NIC) TIF is in the remedial investigation phase, whereby testing and sampling is done to determine the extent and causes of contamination. KDHE now requires that this phase include preliminary identification of PRPs, and in the NIC TIF, initial payment for some of the remediation costs have already been received from one PRP.

Certificates of release of liability have been issued from any of the properties within the NIC site. The releases promote fairness by ensuring that those proven not responsible for contamination in the district are not burdened with legal difficulties of proving their lack of culpability, and enable the properties to be transacted without the stigma of being designated a polluted property.

Tax Increment Financing Funds Budget Summary

	2002 Actual	2003 Adopted	2003 Revised	2004 Adopted	2005 Approved
Gilbert & Mosley TIF Fund Revenue	2,858,656	6,494,230	2,895,730	2,805,040	2,805,040
Gilbert & Mosley TIF Fund Expenditures	3,867,005	3,666,530	3,888,050	2,573,680	2,804,770
NIC TIF Fund Revenue	1,376,472	3,204,200	1,230,300	1,213,300	1,175,300
NIC TIF Fund Expenditures	427,639	1,951,220	1,913,970	2,206,510	1,136,790
East Bank TIF Fund Revenue	108,233	5,000	106,970	655,760	655,760
East Bank TIF Fund Expenditures	4,950	5,000	210,150	655,850	655,400
Old Town TIF Fund Revenue	399,332	359,570	409,920	421,890	440,050
Old Town TIF Fund Expenditures	209,454	221,160	221,160	270,600	274,450
21 st & Grove TIF Fund Revenue	33,487	21,770	32,930	33,190	33,830
21 st & Grove TIF Fund Expenditures	21,790	21,770	44,630	33,190	33,830
Central & Hillside TIF Fund Revenue	0	0	0	1,143,800	1,143,800
Central & Hillside TIF Fund Expenditure	0	0	0	1,143,800	1,143,800
Old Town Cinema TIF Fund Revenue	0	73,320	73,320	204,740	233,360
Old Town Cinema TIF Fund Expenditure	0	0	0	278,060	233,360
Total FTE positions	1	1	1	1	1

CITY OF WICHITA SELF-SUPPORTING MUNICIPAL IMPROVEMENT DISTRICT



The goal of the SSMID is to enhance the vitality of the downtown area

Overview

In 2000, the City Council approved the formation of a Self-Supporting Municipal Improvement District (SSMID) in downtown Wichita. The SSMID is a benefit assessment district created to improve and convey special benefits to properties located within the central business district of Wichita. The district was endorsed by a majority of downtown property owners with the stated purpose of financing improvements and services in the central business district on a supplemental basis. In other words, activities funded by the SSMID will supplement, not replace, existing downtown promotion/marketing activities.

Under State law, the District has a 10-year lifespan, with SSMID funds available beginning on January 1, 2002. After 10 years, the SSMID may be renewed by repeating the district formation process.

The district currently levies an additional 7.36 mills of property tax on commercial properties located within the district to support SSMID activities; State law provides that up to 10 mills may be levied for this purpose. This additional tax revenue is dedicated solely to SSMID activities.

The SSMID is governed by the City Council. The Kansas SSMID statute allows for the creation of an advisory board to submit operating plans and budgets to the Council, and to provide assistance in policy direction for SSMID-funded activities. Voting members of the SSMID Advisory Board must be property owners and/or lessees of commercial property (or corporate designees) within the District, and must provide evidence that they pay SSMID assessments.

Finance and Operations

The goals of the SSMID include providing a strong, unified voice for the downtown area; strengthening downtown's competitiveness to attract and retain businesses; and protecting and enhancing downtown property values. Supported activities include image enhancement, marketing, business retention and recruitment, urban vitality improvements and operational activities.

Day-to-day administration of SSMID activities are contracted to a separate entity to provide centralized oversight and direction for SSMID activities. Activities include downtown promotion and marketing, as well as business recruitment. Start-up operations were funded from a loan of \$100,000 for the City's General Fund to be repaid over a period of four years beginning with the first distribution of tax funds in 2002. The SSMID is not projecting an increase in the mill levy.

Self-Supporting Municipal Improvement District Budget Summary

	2002 Actual	2003 Adopted	2003 Revised	2004 Adopted	2005 Approved
SSMID Fund Revenue	466,439	495,000	495,000	510,000	520,000
Contracted program activities	442,338	470,000	470,000	485,000	495,000
Loan repayment	25,000	25,000	25,000	25,000	25,000
Total SSMID Fund Expenditures	467,338	495,000	495,000	510,000	520,000
SSMID Fund Balance	0	899	0	0	0
Total FTE positions	0	0	0	0	0



CELEBRATING 100 YEARS OF FLIGHT



“Educ-Ace-Tion”

Artist: East High Honor Art Students
Where: Clifton Square
3700 E. Douglas Ave.
(Clifton & Douglas)
Sponsor: Colby B. Sandlian
Benefits: Wichita Children's Home

“Music Takes Wing”

Artist: Eugene Holdsworth
Where: North Branch YMCA
3330 N. Woodlawn
(Woodlawn & K-96)
Sponsor: DeVore Foundation
Benefits: YMCA

